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December 1, 2014

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Case No. IPC-E-13-16
Selective Catalytic Reduction ("SCR") Controls on Jim Bridger Power Plant Units 3 and 4

Dear Ms. Jewell:

In Order No. 32929, the Idaho Public Utilities Commission ("Commission") directed Idaho Power Company ("Company") to submit quarterly reports updating the Commission on any changes to environmental policy or regulations until such time as the Jim Bridger Power Plant upgrades are installed and placed in service. The enclosed materials indicate that the Company still expects the SCRs on Units 3 and 4 will be placed in service by December 31, 2015, and December 31, 2016, respectively.

Please note that the attachment to this report is commercially sensitive and if disclosed freely could subject Idaho Power or its customers to risk of competitive disadvantage or other business injury. Consequently, the attachment will be provided separately to those parties that have signed the Protective Agreement in this matter. The undersigned attorney, in accordance with RP 233, certifies that this monthly report contains information that is a trade secret or privileged or confidential as described in Idaho Code § 9-340, et seq., and § 48-801, et seq., and as such is exempt from public inspection, examination, or copying.

Very truly yours,



Lisa D. Nordstrom

LDN:kkt

Enclosures

cc: Service List
RA files
Legal files

4th Quarterly Report for the Jim Bridger Plant
Selective Catalytic Reduction Upgrade at Units 3 and 4
December 1, 2014

This quarterly report provides an update as to the current status of environmental policies or regulations that are relevant to the construction of the Selective Catalytic Reduction ("SCR") controls at the Jim Bridger Plant Units 3 and 4 ("Bridger Plant"), as well as a status update on the Company's efforts toward performing a new Coal Unit Environmental Investment Analysis ("Coal Study"). This report also provides a construction progress update for the SCR installation project through November 14, 2014, and a schedule of major construction milestones. Finally, a summary of actual project costs and a forecast of total project costs as of September 30, 2014, is provided as a confidential attachment to this report.

Environmental Regulations Update:

Clean Air Act Section 111(d) for Existing Power Plants

On June 2, 2014, the Environmental Protection Agency ("EPA") released its draft proposal to regulate CO₂ emissions from existing power plants. On September 16, 2014, the EPA formally extended the period for public comment on the draft rule from October 16, 2014, to December 1, 2014.

On December 1, 2014, Idaho Power Company ("Idaho Power" or "Company") submitted comments to the EPA on the draft rule. In addition to the Company's individual comments, Idaho Power worked collaboratively with a number of state agencies and industry groups to draft comments on the draft rule that were submitted to the EPA on December 1, 2014.

The final rule is expected by June 2015 with a deadline of June 2016 for the states to issue their State Implementation Plans ("SIP"). It is currently estimated that approval or disapproval, from the federal EPA of the SIPs will occur in the 2016-2018 timeframe.

While the Company does not know the extent to which the rule will affect the Bridger Plant, the Company will be modeling a variety of CO₂ compliance scenarios in its updated Coal Study that will assess the ongoing economics of the Bridger Plant under the pending regulation.

Mercury and Air Toxics Standards ("MATS")

On November 25, 2014, the U.S. Supreme Court announced it will review whether the EPA should have considered the cost of complying with the MATS when it finalized the rule in December 2011. The U.S. Court of Appeals for the District of Columbia Circuit upheld the rule in April 2014, but the Utility Air Regulatory Group, 21 states, and the National Mining Association asked the high court to review it. The court will hear arguments in the case in the spring and is likely to rule in June 2015; the MATS rule is scheduled to go into effect in April 16, 2015. Although Idaho Power's investments related to the MATS regulations were included in the Company's Coal Study, they were not within the scope of the Bridger Plant SCR Upgrade request filed in Case No. IPC-E-13-16.

Idaho Power's Coal Study Update:

An update to the Coal Study is in progress and will be included with the filing of the 2015 Integrated Resource Plan.

Project Cost Update:

As of September 30, 2014, the Company decreased the total estimated amount of allowance for funds used during construction ("AFUDC") by approximately \$1.5 million to reflect Idaho Power's actual observed AFUDC rates since the start of the SCR projects, and more accurate timing of expected cost cash flows. The previous reports have included AFUDC based on the preliminary estimate provided in the initial filing (IPC-E-13-16).

Construction Progress Update:

The project to install the SCR controls at the Bridger Plant is moving forward as planned and is on schedule to meet the required completion dates. The following section provides a high level description of the construction activities since the last quarterly report (which provided an update through July 31, 2014).

As part of the flue gas reinforcement project, the Alstom Electrostatic Precipitator ("ESP") structural analysis and upgrade design drawings and report were received October 30, 2014. The drawings and report were provided to Babcock & Wilcox (EPC Contractor) which will inform them as they provide installation pricing to PacifiCorp and Idaho Power for the required structural reinforcement of the ESP flue gas reinforcement.

The request for proposal for the installation of the boiler and air pre-heater reinforcement was released on November 7, 2014. The pre-bid job site visit (walk down) to physically see the boiler and air pre-heater is scheduled for December 2, 2014.

The following are updates on projects/costs included as part of the Engineering, Procurement and Construction contract (EPC Contract). As of October 28, 2014, 96 percent of the 2,585 tons of Unit 3 steel and 16 percent of the 3,031 tons of Unit 4 steel have been erected. Steel erection progress has slowed due to the cooler weather and upcoming holidays. The seasonal slow-down is typical and is not expected to impact the in-service date of the SCRs. Progress is expected to ramp-up in the spring of 2015.

One of the two Unit 4 induced draft fan rotor forgings has arrived in the United States from China. Final fabrication and preassembly of the induced draft fan rotor will be completed in Pennsylvania and delivered to the Bridger Plant once complete. The second forging is scheduled to arrive mid-December.

The entire Unit 3 reactor vessel has been erected and has been set in place with the exception of the north reactor inlet hood. The north hood is scheduled to be installed in December 2014. Insulation of the exterior of the vessel is ongoing.

Both ammonia storage tanks were received on-site and set in place. All ammonia pipe rack columns have been installed and grouted. Installation of ammonia piping is ongoing.

Schedule:

The project remains on schedule to comply with the required completion dates with the following major milestones remaining:

- Unit 4 SCR South Fan Foundation – Spring 2015
- Unit 3 Fall Outage Start – September 5, 2015
- Unit 3 Mechanical Completion – November 5, 2015
- Unit 3 Compliance deadline – December 31, 2015
- Unit 4 Fall Outage Start – September 3, 2016
- Unit 4 Mechanical Completion – November 3, 2016
- Unit 4 Compliance deadline – December 31, 2016

Conclusion:

The installation of SCR controls at the Bridger Plant remains on schedule and under budget. Based on what is known today, the SCR investments continue to be the most cost-effective means of ensuring that Units 3 and 4 comply with state and federal emissions regulations. Further, the Company continues to believe that the Bridger Plant SCR investments represent the lowest cost and least risk option for serving future customer demands.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 1st day of December 2014 I served a true and correct copy of the within 4TH QUARTERLY REPORT FOR THE JIM BRIDGER SELECTIVE CATALYTIC REDUCTION UPGRADE AT UNITS 3 AND 4, upon the following named parties by the method indicated below, and addressed to the following:

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